

Key Theme – USD rebound, Thailand CPI still soft.

This week Economic calendar

Highlight:

- Thailand CPI YOY posted at 0.78% vs. 0.99% forecast, CPI core YoY posted at 0.62% vs. 0.65% forecast. Fresh food price continued to fall under pressure from lower meat price, while oil price gain was slightly less than expected due to higher base in 2016.
- US ISM Manufacturing posted at 59.7 vs. 58.2 forecast
- China Caixin Service PMI posted at 53.9 vs. 51.8 forecast.
- FOMC meeting minute point to gradual hike again this year for Fed.
- USD rebound off recent weakness but momentum still point to greater downside risk.
- Key economic indicator this week: US ADP Employment Change on Thursday, Australia Trade Balance, Eurozone CPI, US Non Farm Payrolls, Unemployment, ISM Non Manf and Durable Goods Orders on Friday.

Our take:

- Remain upside biased EURUSD, stop loss to 1.2000.
- As CPI remain soft, we see BoT remaining neutral for at least the first half of this year.

Day	Country	Event	Period	Surv(M)	Actual	Prior
Tue	China	Caixin China PMI Mfg	Dec	50.7	51.5	50.8
Tue	Australia	Commodity Index SDR YoY	Dec	--	-5.90%	-3.30%
Tue	Germany	Markit/BME Germany Manufacturing PMI	Dec F	63.3	63.3	63.3
Tue	Eurozone	Markit Eurozone Manufacturing PMI	Dec F	60.6	60.6	60.6
Tue	United Kingdom	Markit UK PMI Manufacturing SA	Dec	57.9	56.3	58.2
Tue	United States	Markit US Manufacturing PMI	Dec F	55	55.1	55
Wed	Thailand	CPI YoY	Dec	0.99%	0.78%	0.99%
Wed	Germany	Unemployment Change (000's)	Dec	-13k	-29k	-18k
Wed	United States	MBA Mortgage Applications	Dec-29--	--	0.70%	-4.90%
Wed	United States	Construction Spending MoM	Nov	0.50%	0.80%	1.40%
Wed	United States	ISM Manufacturing	Dec	58.2	59.7	58.2
Thu	Japan	Nikkei Japan PMI Mfg	Dec F	--	54.0	54.2
Thu	United Kingdom	Nationwide House PX MoM	Dec	0.10%	--	0.10%
Thu	United Kingdom	Nationwide House Px NSA YoY	Dec	2.00%	--	2.50%
Thu	United Kingdom	Mortgage Approvals	Nov	64.0k	--	64.6k
Thu	United States	ADP Employment Change	Dec	190k	--	190k
Thu	United States	Initial Jobless Claims	Dec-30	242k	--	245k
Fri	Japan	Monetary Base YoY	Dec	--	--	13.20%
Fri	Australia	Trade Balance	Nov	A\$550m	--	A\$105m
Fri	Thailand	Foreign Reserves	Dec-29--	--	--	\$202.8b
Fri	Eurozone	CPI Estimate YoY	Dec	1.40%	--	1.50%
Fri	United States	Change in Nonfarm Payrolls	Dec	190k	--	228k
Fri	United States	Unemployment Rate	Dec	4.10%	--	4.10%
Fri	United States	Trade Balance	Nov	-\$50.0b	--	-\$48.7b
Fri	United States	ISM Non-Manf. Composite	Dec	57.5	--	57.4
Fri	United States	Factory Orders	Nov	1.10%	--	-0.10%
Fri	United States	Durable Goods Orders	Nov F	--	--	1.30%

Source: Thomson Reuters, Bloomberg, TBMA, and The Nation

Daily Market Review At-A-Glance: 4 January 2018

Views on Interest Rate and Exchange Rates

Currency:

USDTHB: Support at 32.30-35. We recommend sell on rally at range 32.45-55.

USDJPY: Key support at 111.80-112.00. Key resistance at 113.50.

EURUSD: Remain Upside Biased and shift stop loss to 1.1200. Resistance at 1.2090.

Bond:

US Treasury: UST Yield rose 2 bps but still trade in range 2.42-2.47%.

Exchange Rate

	27-Dec-17	3-Jan-18	4-Jan-18
USD/THB	32.79	32.31	32.31
JPY/THB	28.92	28.72	28.67
EUR/THB	38.97	38.81	38.83
GBP/THB	43.92	43.66	43.67
AUD/THB	25.47	25.31	25.29
USD/JPY	113.34	112.49	112.66
EUR/USD	1.189	1.201	1.202
GBP/USD	1.340	1.351	1.352
AUD/USD	0.777	0.784	0.783

Government Bond Yields

Tenor	27-Dec-17	2-Jan-18	3-Jan-18
UST 3-mth	1.447	1.411	1.404
UST 6-mth	1.527	1.566	1.592
UST 1-yr	1.724	1.796	1.814
UST 5-yr	2.197	2.250	2.246
UST 10-yr	2.412	2.465	2.445
TGB 6-mth	1.38	#N/A	1.37
TGB 2-yr	1.47	#N/A	1.47
TGB 5-yr	1.88	#N/A	1.87
TGB 10-yr	2.57	#N/A	2.55

Stock market

	2-Jan-18	3-Jan-18	%Change
SET Index	#N/A	1,778.53	#N/A
DJIA	24,824.01	24,922.68	0.40

Repurchase rate

	1-day	7-day	14-day	1-mth
	1.50%	1.50%	1.50%	1.50%

Commodities

	Previous Day	Last	%Change
WTI Crude oil	60.37	61.63	2.09
Gold	1,317.56	1,307.64	(0.75)

THBFX (%)

	1-mth	3-mth	6-mth	1-yr
	1.032	0.965	1.056	1.457

THB Swap rate (IRS)

Tenor	bid	ask
1-yr	1.235	1.265
2-yr	1.430	1.460
3-yr	1.630	1.660
5-yr	1.925	1.955
10-yr	2.295	2.345

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